### 109TH CONGRESS 1ST SESSION

# H. R. 3181

To amend the Internal Revenue Code of 1986 to exclude from gross income qualified attorney fees.

## IN THE HOUSE OF REPRESENTATIVES

June 30, 2005

Mr. Paul introduced the following bill; which was referred to the Committee on Ways and Means

# A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income qualified attorney fees.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. EXCLUSION OF ATTORNEY FEES.
- 4 (a) In General.—Part III of subchapter B of chap-
- 5 ter 1 of the Internal Revenue Code of 1986 (relating to
- 6 items specifically excluded from gross income) is amended
- 7 by inserting after section 139A the following new section:

### 1 "SEC. 139B. QUALIFIED ATTORNEY FEES.

- 2 "(a) GENERAL RULE.—In the case of an individual,
- 3 gross income does not include qualified attorney fees paid
- 4 by the individual.
- 5 "(b) QUALIFIED ATTORNEY FEES.—For purposes of
- 6 this section, the term 'qualified attorney fees' means attor-
- 7 ney fees and court costs paid by, or on behalf of, the tax-
- 8 payer in connection with any judgment or settlement
- 9 (whether by suit or agreement and whether as lump sum
- 10 or periodic payments) resulting from a civil action brought
- 11 by the taxpayer in a court of law.".
- 12 (b) CLERICAL AMENDMENT.—The table of sections
- 13 for such part is amended by inserting after the item relat-
- 14 ing to section 139A the following new item:

"Sec. 139B. Qualified attorney fees.".

- 15 (c) Effective Date.—The amendments made by
- 16 this section shall apply to attorney fees paid on or after
- 17 January 1, 2005, with respect to any judgment or settle-
- 18 ment occurring on or after January 1, 2005.

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